



Senate Fiscal Agency
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Senate Bill 1087 (as introduced 9-23-14)
Sponsor: Senator Darwin L. Booher
Committee: Banking and Financial Institutions

Date Completed: 10-2-14

CONTENT

The bill would amend the Mortgage Loan Originator Licensing Act to exempt certain mortgage servicers, or employees of certain mortgage servicers, from licensure as a mortgage originator.

The Act prohibits an individual from engaging in the business of a mortgage loan originator with respect to any dwelling in the State without first obtaining a license. The Act exempts certain individuals from the licensure requirement.

The bill also would exempt an individual who acted as a mortgage servicer, or was an employee of a mortgage servicer, who offered or negotiated the terms of residential mortgage loans for the purpose of renegotiating, modifying, replacing, or subordinating the principal of existing residential mortgage loans of which the borrowers were behind in making their payments, were in default, or had a reasonable likelihood of falling behind in making payments or defaulting.

This exemption would not apply to an individual who acted as a mortgage servicer, or was an employee of a mortgage servicer, who offered or negotiated the terms of a residential mortgage loan transaction that constituted a refinancing under 12 CFR 1026.20(a) or that obligated a different consumer to pay the existing residential mortgage loan.

(Under 12 CFR 1026.20(a), a refinancing occurs when an existing obligation under a mortgage is satisfied and replaced by a new obligation undertaken by the same consumer.)

MCL 493.135

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would have an indeterminate fiscal impact at the State level. It is unclear how many mortgage loan originators act as servicers and would qualify for the license exemption. As of September 24, 2014, the Department of Insurance and Financial Services charges \$250 for a license application, \$100 to amend an employer or sponsor, and \$15 to amend the loan originator's name and/or business address. To the extent that mortgage loan originators qualified for the mortgage servicer license exemption under the bill and did not pay license fees under the Mortgage Loan Originator Licensing Act, the MBLSLA Fund would see a corresponding reduction in revenue.

The MBLSLA Fund is established under the Mortgage Brokers, Lenders, and Servicers Licensing Act (MBLSLA), and is dedicated for enforcement of the MBLSLA, the Secondary

Mortgage Loan Act, and the Mortgage Loan Originator Licensing Act, and to pay costs related to other regulatory obligations.

Fiscal Analyst: Glenn Steffens

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